

11/16/09 (9)

Christine Joyce

From: Steve Ledoux
Sent: Thursday, November 12, 2009 8:18 AM
To: Manager Department
Subject: FW: Preliminary Draft of Cost Savings Report

Draft report and presentation for packet

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From: MABAshton@aol.com [mailto:MABAshton@aol.com]
Sent: Wednesday, November 11, 2009 5:01 PM
To: Finance Committee
Cc: Board of Selectmen; Acton-Boxborough Regional School Committee
Subject: Preliminary Draft of Cost Savings Report

Dear Members of the Finance Committee, Board of Selectmen, and School Committee,

The Finance Committee's subcommittee established to investigate some of the cost-savings suggestions we received from the public presented our preliminary analysis to the Finance Committee last night. We analyzed approximately 40 suggestions to gauge the relative size of the cost savings and determine which ones we would recommend for further study. Although our report is in draft form and a preliminary analysis, we invite you and members of the public to review the work we've done and would welcome your further comments (to the committee as a whole at fincom@acton-ma.gov) as we work through the next steps of our process.

As a committee, we agreed last night to carve out the suggestions that deal with employee salary & benefits and staffing and address these separately in a letter to the committees who sit at the bargaining table with our unionized staff members. We will then focus on the remaining suggestions and prioritize to select a more manageable group of business cases to analyze more thoroughly and develop an implementation plan. We'll be looking forward to the opportunity to work with each of you on this next important phase.

Thank you for your interest! You can access the DRAFT report and the presentation from last night's Fincom meeting through the following link (<https://doc.acton-ma.gov/dsweb/View/Collection-2787>), or by going to Docushare, select Finance Committee, select 2009, and then select the folder for Subcommittee on Cost Savings.

Mary Ann Ashton

11/12/2009

**DRAFT –
Distributed to Acton Finance Committee
For Comments**

Preliminary Estimation of Cost- Savings Suggestions

Provided to the Acton Finance Committee

**Prepared by Cost-Savings Subcommittee
Of the Acton Finance Committee**

November 10, 2009

The Finance Committee is currently reviewing the DRAFT report and will conduct some additional analyses before finalizing the report. If you would like to share comments with us, please send to fincom@acton-ma.gov.

Introduction and Process

As the Acton Finance Committee began working with the proposed budgets for FY10 and studied the outlook for a three-year projection, we concluded that we needed to evaluate ideas for areas where savings could be achieved through increases in revenues, reductions in services, and through designing a different model for doing business. We requested feedback from citizens through distribution of an e-mail and a letter published in the *Beacon* in January, and invited citizens and staff members to attend an “open mike” session at the Finance Committee on January 27, 2009. Through this process, the Finance Committee elicited more than 100 specific suggestions from approximately 50 individuals. This list was grouped into general categories, as shown in Table 1, which included Energy and Water Savings, School Bus Efficiencies, Employee Salary and Benefits, Staffing, Capital Purchases/Improvements, Taxation Issues, Transparency, Fees, Government Structure, and Other.

In March 2009, then-Chairman of the Finance Committee Steve Noone sent a letter to Superintendent Bill Ryan and Town Manager Steve Ledoux (see Attachment A), asking them to evaluate the list of suggestions and answer the following questions:

- Is it already being done?
- Is the suggestion legal?
- Is the suggestion worthy of further evaluation based on two criteria?
 - Could it be implemented in 6-24 months?
 - Would it result in an annual savings of \$10,000?

The review by the Town Manager and Superintendent resulted in a culled list containing 66 specific suggestions. (See Table 2.)

Table 1
Table 1 - Fincom Cost Savings Feedback

Energy Savings, Water Savings	Turn off school campus parking lot lights Shut off computers at end of day Lower temperature in library Fix the HVAC in Merriam Admin Bldg - wastes heat Lower temperature in all school/town buildings - start with 2 degrees Charge public housing occupants for utilities Combine town and schools utilities contracts Partner with Water District on retrofit of municipal buildings for water conservation.
School Bus Efficiencies	Use vans for mid-day kindergarten routes Eliminate bus transportation or charge fee for service Establish bus capacity (fuller buses = fewer buses)
Employee salary, benefits	Investigate single-parent family HI plans for employees Reduce size of Acton town government, employees, contracts, etc. Freeze all salaries - no new contracts with increases Freeze all non-union salaries Evaluate tradeoff between wage increases and HI shift Implement 1.5% increase on steps only on collective bargaining; base increases = 0 Encourage more employees to sign up for lower-cost HI plans. Open up all contracts and get everyone to agree to a solution for bad economic times.
Staffing	Institute hiring freeze Eliminate non-essential administrative positions Require all teachers, including administrators, to teach Use volunteers as teacher aides Use jr high and high school students for cleaning, maintaining town and school bldgs Reduce size of Acton town government, employees, contracts, etc. Ask employees to choose paycut versus layoffs Implement attrition policy Implement HI "per Governor" Examine HI co-pays End early retirement incentive Consider minimum class sizes for electives at middle and high schools Hire teachers on a contract or part-time basis Examine staffing levels for police and fire. Examine overtime levels for police and fire.
Capital Purchases, Improvements	Purchase used trucks rather than new ones Make informed spending and maintenance decisions, specifically about roofs Reduce amount of money spent on maintaining and paving streets Have students purchase and provide own computer

Table 1
Table 1 - Fincom Cost Savings Feedback

	Defer capital requests until economy improves.	
Taxation issues	Freeze homeowner's tax rate after living in it for 30 years Implement zero percent tax increase budget for FY10	
Transparency	Provide all expenses, salaries, and benefit costs on town website Provide names of current Fincom members on tax bill Create a committee to reduce town expenses Charge Fincom to aggressively drive down expenses Evaluate overlay account for possible surplus Use of Ambulance Enterprise Fund seems designed to conceal true level of expenditures.	
Fees	Charge fee for bus service for schools Increase commuter lot parking fee Charge fee for parking at Town Hall, library Charge athletic fee for participation (currently charge \$190 per sport per season) Increase all fees on regular, uniform, predictable basis Increase all fees 5% and add new ones	See School Bus Efficiencies
Government structure	Combine Water District with Town of Acton Reduce size of Acton town government, employees, contracts, etc. Reduce budgets - that's what citizens are having to do Combine Community Education and Recreation Combine school and town financial "back office" functions Consider regionalization of various functions (including emergency, education, more) Consider expansion of joint purchasing consortia for schools, town Close library one weekday and open on Sunday 1-5 Close Town Hall one day per week and have extended hours two days until 8 or 9 Make Recreation Dept self-funding	See Employee Benefits, See Staffing
Other	Evaluate town-owned lands to see if any can be sold Investigate use of municipal land for cell tower rental Shift additional functions out of operating budgets to revolving, enterprise funds Reduce all expenses so that increase is 4% over actual Eliminate year-end spending Hold all consultant studies Defer spending on COA, Fire Add 60 Choice students Reduce administrative staff Move Employee Day to NARA	

Table 1
Table 1 - Fincom Cost Savings Feedback

	<p>Outsource landscaping</p> <p>Reduce town/schools print and mailing 80% - e-mail items</p> <p>Hold elections in one location - ask schools to schedule days off</p> <p>Examine budgets and ask each department to provide 10%, 20%, 30% reductions</p> <p>Determine a pay-as-you-go prioritization - eliminate programs that cannot fund themselves, e.g., NARA, school programs. Only keep essential services.</p> <p>Create wish lists for things schools need for classrooms and ask for donations.</p> <p>Hire fast-food companies to run school cafeterias.</p> <p>Manage trash and recycling for schools in a better way for healthier and more cost-effective solution.</p> <p>More effective enforcement and education to maximize recycling at Transfer Station.</p> <p>Minimize layoffs and maximize support for most vulnerable citizens.</p> <p>Services for seniors, veterans, and library patrons even more essential during economic bad times.</p> <p>Increase number of volunteers to provide services to more vulnerable citizens.</p> <p>Opposition to school choice as a solution for budgetary issues.</p> <p>Opposition to increasing user fees in schools as a solution for budgetary issues.</p> <p>Forego capital items as a way to avoid layoffs.</p> <p>Do less than an "A" job on capital improvements.</p> <p>Curb growth in departments, e.g., IT</p> <p>Service reductions impact employees and users</p> <p>Implement pay-as-you-go/appropriate group fundraising for extracurricular activities at schools.</p> <p>Examine efficiency of school food service</p> <p>Have students provide own school and classroom supplies</p> <p>Use student-teacher interns in classrooms.</p> <p>Develop student-teacher "earn, learn and save" program to save on teacher costs.</p> <p>Examine pros and cons of school choice (open enrollment)</p> <p>Regulate expenses for all extracurricular activities</p> <p>Develop and enforce guidelines for care and maintenance of all computers, uniforms, instruments, sports equipment, etc.</p>
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Table 2
Fincom Cost Savings - Culled List

Schools

Town

	Schools			Town			
	D o i n g ?	L e g a l ?	E v a l u a t e ?	D o i n g ?	L e g a l ?	E v a l u a t e ?	
Y= Yes N =No							
Energy Savings, Water Savings	Y	Y	Y	N	Y	Y	Turn off school campus parking lot lights Lower temperature in library
	Y	Y	Y	Y	Y	Y	Combine town and schools utilities contracts
	Y	Y	Y	N	Y	Y	Partner with Water District on retrofit of municipal buildings for water conservation.
	Y	Y	Y				Establish bus capacity (fuller buses = fewer buses)
Employee salary, benefits	N	Y	Y	N	Y	Y	Investigate single-parent family HI plans for employees
				Y	Y	Y	Reduce size of Acton town government, employees, contracts, etc.
	Y	Y	Y	Y	Y	Y	Freeze all salaries - no new contracts with increases
	Y	Y	Y	Y	Y	Y	Freeze all non-union salaries
	Y	Y	Y	Y	Y	Y	Evaluate tradeoff between wage increases and HI shift
	N	Y	Y	N	Y	Y	Implement 1.5% increase on steps only on collective bargaining; base increases = 0
	Y	Y	Y	Y	Y	Y	Encourage more employees to sign up for lower-cost HI plans.
	N	Y	Y	N	Y	Y	Replace High Cost Indemnity HI Plan with lower cost plan
	Y	Y	Y	Y	Y	Y	Open up all contracts and get everyone to agree to a solution for bad economic times.
Staffing	Y	Y	Y	Y	Y	Y	Institute hiring freeze
	Y	Y	Y	Y	Y	Y	Eliminate non-essential administrative positions
	N	Y	Y				Require all teachers, including administrators, to teach

Table 2
Fincom Cost Savings - Culled List

	Y	Y	Y				Use volunteers as teacher aides
				Y	Y	Y	
	N	Y	Y	N	Y	Y	Reduce size of Acton town government, employees, contracts, etc.
				Y	Y	Y	
	N	Y	Y	N	Y	Y	Ask employees to choose paycut versus layoffs
	Y	Y	Y	Y	Y	Y	Implement attrition policy
	Y	Y	Y	Y	Y	Y	Implement HI "per Governor"
							Examine HI co-pays
	Y	Y	Y				End early retirement incentive
	Y	Y	Y				
				Y	Y	Y	Consider minimum class sizes for electives at middle and high schools
				Y	Y	Y	Examine staffing levels for police and fire.
				Y	Y	Y	Examine overtime levels for police and fire.
Capital Purchases, Improvements	Y	Y	Y	Y	Y	Y	Make informed spending and maintenance decisions, specifically about roofs
				Y	Y	Y	
	N		Y				Reduce amount of money spent on maintaining and paving streets
	Y	Y	Y	Y	Y	Y	Have students purchase and provide own computer
							Defer capital requests until economy improves.
	N	Y	Y	N	Y	Y	Create a committee to reduce town expenses
				N	Y	Y	Charge Fincom to aggressively drive down expenses
				Y	Y	Y	Evaluate overlay account for possible surplus
Fees	N	Y	Y				Charge fee for bus service for schools
				Y	Y	Y	Increase commuter lot parking fee
	Y	Y	Y	Y	Y	Y	Increase all fees on regular, uniform, predictable basis

Table 2
Fincom Cost Savings - Culled List

Government structure				N	N	Y	Combine Water District with Town of Acton
	N	Y	Y				Combine Community Education and Recreation
	N	Y	Y	N	Y	Y	Combine school and town financial "back office" functions School Town Finance, Accounting, Collector, HR IT Salary & Benefits Total
	N	Y	Y	N	Y	Y	Consider regionalization of various functions (including emergency, education, more) K-12 Regionalization with Boxborough Dispatch Police Supervision
	Y	Y	Y	N	Y	Y	Consider expansion of joint purchasing consortia for schools, town
				N	Y	Y	Close library one weekday and open on Sunday 1-5
				N	Y	Y	Close Town Hall one day per week and have extended hours two days until 8 or 9
				Y	Y	Y	Make Recreation Dept self-funding
Other				N	Y	Y	Evaluate town-owned lands to see if any can be sold
				N	Y	Y	Investigate use of municipal land for cell tower rental
	Y	Y	Y				Shift additional functions out of operating budgets to revolving, enterprise funds
	N	Y	N	Y	Y	Y	Reduce all expenses so that increase is 4% over actual
	Y	Y	Y	Y	Y	Y	Eliminate year-end spending
				Y	Y	Y	Hold all consultant studies
				N	Y	Y	Defer spending on COA, Fire
	Y	Y	Y				Add 60 Choice students
	Y	Y	Y				Reduce administrative staff
				Y	Y	Y	Move Employee Day to NARA

Table 2
Fincom Cost Savings - Culled List

N	Y	N	N	Y	Y	Outsource landscaping
N	Y	Y	N	Y	Y	Reduce town/schools print and mailing 80% - e-mail items
			N	Y	Y	Hold elections in one location - ask schools to schedule days off
Y	Y	Y	Y	Y	Y	Examine budgets and ask each department to provide 10%, 20%, 30% reductions
			Y	Y	Y	Determine a pay-as-you-go prioritization - eliminate programs that cannot fund themselves, e.g., NARA, school programs. Only keep essential services.
Y	Y	Y				Create wish lists for things schools need for classrooms and ask for donations.
Y	Y	Y				Manage trash and recycling for schools in a better way for healthier and more cost-effective solution.
			Y	Y	Y	Services for seniors, veterans, and library patrons even more essential during economic bad times.
Y	Y	Y	Y	Y	Y	Increase number of volunteers to provide services to more vulnerable citizens.
Y	Y					Forego capital items as a way to avoid layoffs.
Y	Y	Y	Y	Y	Y	Curb growth in departments, e.g., IT
Y	Y	Y				Implement pay-as-you-go/appropriate group fundraising for extracurricular activities at schools.
Y	Y	Y				Regulate expenses for all extracurricular activities
Y	Y	Y				Develop and enforce guidelines for care and maintenance of all computers, uniforms, instruments, sports equipment, etc.

The review by the Town Manager and the Superintendent confirmed that many of the suggestions were things that were already being done to some extent or another. Table 3 shows that 41 of the suggestions were already being done by the town and 33 of the suggestions were being done by the schools. Table 4 demonstrates that the Town Manager and the Superintendent recommended that the majority of the suggestions should be evaluated further; even where the ideas were being done already, they were still classified as something that could be improved upon.

Table 3
Cost Savings Suggestions Already Being Done

	Town	Schools
Doing	41	33
Not Doing	24	29
NA	35	38
Total	100	100

Table 4
**Cost Savings Suggestions Recommended by Managers
For Additional Analysis**

	Town	Schools
Pursue	44	53
Do Not	21	9
NA	35	38
Total	100	100

In May 2009, Finance Committee Chairman Herman Kabakoff formed a subcommittee to further analyze the remaining cost-saving suggestions. The subcommittee consisted of Vice-Chair Mary Ann Ashton (serving as chair of the subcommittee), Steve Noone, and Brandy Brandon. The subcommittee met four times during the summer and fall, dividing the responsibilities up among the members. Steve Noone had responsibility for the Employee Salary and Benefits and Staffing categories. Brandy Brandon had responsibility for the Energy and Water Savings and Capital Purchases/Improvements categories, and Mary Ann Ashton had responsibility for the Government Structure and Fees categories. The “other” category was divided up among the three members.

The suggestions that we evaluated were received from the Acton community in response to our request rather than developed and generated by members of the Finance Committee. We do not believe the list is exhaustive, although it is certainly representative of the ideas that individuals might offer and the facts that citizens have in hand about town and school operations.

As much as possible we relied upon materials that had been provided to us by the town and schools as part of the budget development process for FY10. In some cases, we needed additional information and are grateful for the cooperation that we received from town and schools staff as needed. Karen Kucala (the Acton Town

Accountant and our Fincom liaison), J. D. Head (Director of Transportation and Facilities Management for the schools), Chief Frank Widmayer of the Acton Police, and Marie Altieri, Director of Personnel for the schools were especially generous with their time in responding to our individual requests. It is important to emphasize, however, that the analysis was done by each of the subcommittee members independently, and we expect that there will be a need for clarification or correction of some of the assumptions we have made in analyzing the cost-savings suggestions.

In analyzing the cost-savings suggestions, we have attempted to describe the current situation and then estimate the order-of-magnitude of the cost-saving against the current level of spending in a particular area. We do not proffer these analyses as a final analysis, but rather a preliminary step that will allow members of the Finance Committee to evaluate those which have the greatest monetary impact and which can be implemented in the most expeditious way.

Throughout the review of the cost-savings estimation, bear in mind these suggestions sometimes involve tradeoffs with each other, or choices for one option which precludes implementation of another. Especially in the categories of Employee Benefits & Salary and Staffing, it is important to recognize that choices need to be made among the various suggestions that need to be collectively bargained, and that the cost-savings cannot be “summed up” as a final total without further prioritization and analysis.

Summary of Findings

To the extent possible we estimated the cost-savings from implementing each suggestion, and assigned an estimate of the time that would be required to implement the cost-savings suggestions. Those designated “Immediate” were ones that could be implemented within the current fiscal year; in some cases, these have already been adopted by the Board of Selectmen or the School Committees and are so indicated. Those designated “Moderate” fit the criteria delineated in Mr. Noone’s letter to the Superintendent and Town Manager that they *could* be implemented within 24 months, if all parties were willing to work to achieve this. Especially in the Employee Salary & Benefits and Staffing categories, there are substantial savings that could be realized but they will need to be bargained in order to be implemented.

The results of our findings are summarized in Table 5 and Table 6, and are detailed in the subsequent pages of our report. Table 7 includes the list of cost-savings suggestions that have not yet been evaluated.

Table 5
Summary of Cost-Savings Suggestions Evaluated
Estimate of Value

CS#	Description	Amount of Savings (First Year)	Time to Implement?	Notes, follow-up
1	Investigate single-parent family HI plans for employees	\$0		
2	Freeze all salaries - no new contracts with increases	\$441,080	Moderate - Negotiated	Per %
3	Freeze all non-union salaries	\$452,525	Moderate - Negotiated	
4	Evaluate tradeoff between wage increases and HI shift	\$1,124,924	Moderate - Negotiated	
5	Implement 1.5% increase on steps only on collective bargaining; base increases = 0	\$441,080	Moderate - Negotiated	Per %
6	Encourage more employees to sign up for lower-cost HI plans.	\$1,351,252	Moderate - Negotiated	
7	Replace High Cost Indemnity HI Plan with lower cost plan	\$564,736	Moderate - Negotiated	
8	Open up all contracts and get everyone to agree to a solution for bad economic times.	\$441,080	Moderate - Negotiated	Per %
9	Institute hiring freeze	\$400,000	Immediate - Implemented	
10	Require all teachers, including administrators, to teach	\$68,116	Moderate	Per position
11	Use volunteers as teacher aides	Range of \$0-\$68,116	Moderate	Per position
12	Reduce size of Acton town government, employees, contracts, etc.	\$62,400	Moderate	Per position
13	Ask employees to choose pay cut versus layoffs	Unknown		
14	Implement attrition policy	\$1,100,000	Moderate	
15	Implement HI "per Governor"	\$440,000	Moderate - Negotiated	
16	Examine HI co-pays	\$269,093	Moderate - Negotiated	
17	End early retirement incentive	Unknown	Moderate - Negotiated	
18	Consider minimum class sizes for electives at middle and high schools	Range of \$0-\$68,116	Moderate	Per position
19	Examine staffing levels for police and fire.	Range of \$0-\$42,000	Moderate	Per position
20	Examine overtime levels for police and fire.	\$0		
21	Increase the employee share of health insurance	\$1,345,464	Moderate - Negotiated	
22	Evaluate overlay account for possible surplus	\$1,275,000	Immediate - Implemented	
23	Charge fee for bus service for schools	\$195,500	Moderate	
24	Increase commuter lot parking fee	\$0		
25	Increase all fees on regular, uniform, predictable basis	Unknown		More analysis
26	Combine Water District with Town of Acton	Unknown		More analysis
27	Combine Community Education and Recreation	\$75,000	Moderate	
28	Combine school and town financial "back office" functions	\$200,000	Moderate	
29	Consider regionalization of various functions (including emergency, education, more)		Moderate	
	29 a. K-12 Regionalization with Boxborough	\$416,835	Moderate - Negotiated	
	29 b. Dispatch	\$20,773	Moderate - Negotiated	
	29 c. Police Supervision	Unknown		
30	Consider expansion of joint purchasing consortia for schools, town	\$0	Immediate - Implemented	
31	Close library one weekday and open on Sunday 1-5	\$133,321	Moderate	
32	Close Town Hall one day per week and have extended hours two days until 8 or 9	\$258,824	Moderate	

Table 5
Summary of Cost-Savings Suggestions Evaluated
Estimate of Value

33	Make Recreation Dept self-funding	\$75,000	Moderate	
34	Shift additional functions out of operating budgets to revolving, enterprise funds	Unknown	Moderate	More analysis
35	Defer spending on COA, Fire	\$0	Immediate - Implemented	
36	Move Employee Day to NARA	\$25,000	Immediate	
37	Outsource landscaping	\$0-\$56,000	Moderate	More analysis
38	Reduce town/schools print and mailing 80% - e-mail items	\$190,860	Immediate - Partially Implemented	
39	Hold elections in one location - ask schools to schedule days off	\$1,430	Moderate	
40	Create wish lists for things schools need for classrooms and ask for donations.	\$0	Already being done	
41	Turn off school campus parking lot lights	\$20,000	Immediate	

Table 6
Summary of Cost-Savings Suggestions

	Short-Term	Long-Term
Large Value (ordered from largest value to smallest value)	22: Evaluate overlay account for possible surplus 38: Reduce town/schools print and mailing 80% - e-mail items 35: Defer spending on COA, Fire	13: Ask employees to choose pay cut versus layoffs 17: End early retirement incentive 25: Increase all fees on regular, uniform, predictable basis 26: Combine Water District with Town of Acton 34: Shift additional functions out of operating budgets to revolving, enterprise funds 6: Encourage more employees to sign up for lower-cost HI plans. 21: Increase the employee share of health insurance 22: Evaluate overlay account for possible surplus 4: Evaluate tradeoff between wage increases and HI shift 14: Implement attrition policy 7: Replace High Cost Indemnity HI Plan with lower cost plan 3: Freeze all non-union salaries 2: Freeze all salaries - no new contracts with increases 5: Implement 1.5% increase on steps only on collective bargaining; base increases = 0 8: Open up all contracts and get everyone to agree to a solution for bad economic times. 15: Implement HI "per Governor" 29: Consider regionalization of various functions (including emergency, education, more) 16: Examine HI co-pays 32: Close Town Hall one day per week and have extended hours two days until 8 or 9 28: Combine school and town financial "back office" functions 23: Charge fee for bus service for schools 31: Close library one weekday and open on Sunday 1-5 27: Combine Community Education and Recreation 33: Make Recreation Dept self-funding 10: Require all teachers, including administrators, to teach 11: Use volunteers as teacher aides 18: Consider minimum class sizes for electives at middle and high schools 12: Reduce size of Acton town government, employees, contracts, etc. 37: Outsource landscaping 19: Examine staffing levels for police and fire.
Small Value	30: Consider expansion of joint purchasing consortia for schools, town 36: Move Employee Day to NARA 41: Turn off school campus parking lot lights	39: Hold elections in one location - ask schools to schedule days off

Value = 0 1: Investigate single-parent family HI plans for employees.
 20: Examine overtime levels for police and fire.
 24: Increase commuter lot parking fee.
 30: Consider expansion of joint purchasing consortia for schools, town.
 35: Defer spending on COA, Fire (capital plans).
 36: Create wish lists for school classrooms and ask for donations.

 Indicates that item needs to be negotiated through collective bargaining agreements.

Table 7
Cost-Savings Suggestions Not Evaluated

1	Eliminate non-essential administrative positions
2	Reduce all expenses so that increase is 4% over actual
3	Reduce administrative staff
4	Regulate expenses for all extracurricular activities
5	Develop and enforce guidelines for care and maintenance of all computers, uniforms, instruments, sports equipment, etc.
6	Lower temperature in library
7	Combine town and schools utilities contracts
8	Partner with Water District on retrofit of municipal buildings for water conservation.
9	Establish bus capacity (fuller buses = fewer buses)
10	Make informed spending and maintenance decisions, specifically about roofs
11	Reduce amount of money spent on maintaining and paving streets
12	Have students purchase and provide own computer
13	Defer capital requests until economy improves.
14	Evaluate town-owned lands to see if any can be sold
15	Investigate use of municipal land for cell tower rental
16	Eliminate year-end spending
17	Hold all consultant studies
18	Manage trash and recycling for schools in a better way for healthier and more cost-effective solution.
19	Forego capital items as a way to avoid layoffs.
20	Examine budgets and ask each department to provide 10%, 20%, 30% reductions
21	Determine a pay-as-you-go prioritization - eliminate programs that cannot fund themselves, e.g., NARA, school programs. Only keep essential services.
22	Services for seniors, veterans, and library patrons even more essential during economic bad times.
23	Increase number of volunteers to provide services to more vulnerable citizens.
24	Curb growth in departments, e.g., IT
25	Implement pay-as-you-go/appropriate group fundraising for extracurricular activities at schools.

Next Steps

As a subcommittee, we have substantially completed our assignment. We need guidance from the Finance Committee as a whole regarding next steps. We recommend that the Finance Committee prioritize the cost-savings suggestions and designate a manageable group of 8-10 suggestions for more in-depth analysis and implementation. After that prioritization, we could say that we are complete and turn over the process to the Board of Selectmen and School Committees for disposition. Or the Finance Committee could convene a larger committee, inviting representatives from the budget-building elected committees (Board of Selectmen and School Committees), Finance Committee, town and school staff, and possibly a few community members. This expanded committee could conduct the additional analyses and develop implementation steps and timetables.

We look forward to the feedback from the Finance Committee as to how we should proceed with our work in the coming weeks and months.

Cost-Savings Idea #CS-1: Investigate single parent Health Insurance Plans for employees

Analysis prepared by SRN

Statement of Current Situation: The second largest cost is providing Health Insurance to our employees. The total cost per year is approximately \$13 million with the employees paying 15% of that. The cost to the Town and Schools is approximately \$11 million. We do not pay premiums to an insurance company for this coverage rather we are self insured through a trust. The Trust pays claims, contracts with Health Insurance companies like Blue Cross to administer the program, and purchases stop loss insurance to mitigate the risk of extremely large claims.

Rationale for Initiative:

Because we pay actual claims rather than premiums, this idea will not reduce the overall cost of providing health Insurance. This is a popular concept in the private sector and the Trustees should consider this methodology when setting rates.

Pros

Cons

Value Components

- **Quantitative Value**

➤ None

- **Qualitative Value**

➤ None

Analysis of Potential Savings

None

Cost-Savings Idea #CS-2: Freeze all Salaries

Analysis prepared by SRN

Statement of Current Situation:

Currently the Town and Schools pay salaries in the amount of \$44 million. The majority of pay is covered by collective bargaining agreements which typically cover 3 years. At this point in time all of the major Collective Bargaining contracts (Police, Fire, Teachers) are being negotiated.

Rationale for Initiative:

Salary increases in the past have been in the 3% range. Given the declines in revenue, such increases cannot be accommodated without an override of Proposition 2-½ or cuts in services and staffing.

Pros

This is the biggest single cost; eliminating the increase would help us to balance the budget without a tax increase or cuts in services and staffing.

Cons

This is difficult to implement without the agreement of the unions. The majority of this cost is covered by collective bargaining agreements and some of these agreements call for mediation and arbitration.

Value Components

- **Quantitative Value**

- Each 1% that we do not give in increases saves approximately \$440,000

- **Qualitative Value**

-

Analysis of Cost Savings

Cost Benefit Analysis CS-2

Current Costs

	FY07	FY08	FY09	FY10
Salaries	\$38,051,859	\$44,159,000	\$43,378,000	\$44,108,000

1.00% 8.00%

Projected Costs

	FY10	FY11	FY12	FY13	FY14
Salaries	\$44,108,000	\$44,549,080	\$44,994,571	\$45,444,517	\$45,898,962

0.00% 8.00% 90.00%

Projected Costs New Model

	FY10	FY11	FY12	FY13	FY14
Salaries	\$44,108,000	\$44,108,000	\$44,108,000	\$44,108,000	\$44,108,000

Savings		\$441,080	\$886,571	\$1,336,517	\$1,790,962	\$4,455,129
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It is highly unlikely that a freeze would be maintained for 5 years, thus it is relevant to look at the first two years only as the potential savings, a total of \$1,327,651

Cost-Savings Idea #CS-3: Freeze all Non Union Salaries

Analysis prepared by SRN

Statement of Current Situation:

Currently the Town and Schools pay salaries in the amount of \$44 million. The majority of pay is covered by collective bargaining agreements, however approximately one-third (\$14 million) of this amount is non union employees.

Rationale for Initiative:

Salary increases in the past have been in the 3% range. Given the declines in revenue, such increases cannot be accommodated without an override of Proposition 2-½ or cuts in services and staffing.

Pros

This is the biggest single cost, eliminating the increase would help us to balance the budget without a tax increase or cuts in services and staffing.

Cons

In an environment that has significant union membership and low barriers to forming new unions, treating non union employees worse than their unionized counterparts only leads to more unions.

Value Components

- **Quantitative Value**

- Each 1% that we do not give in increases saves approximately \$145,000
- If we assume that unionized employees get a 2.5% increase per year and non union employees get 0% per year the first year savings would be approximately \$450,000

- **Qualitative Value**

-

Analysis of Cost Savings

Cost Benefit Analysis CS-3

Current Costs

	FY07	FY08	FY09	FY10
Union	\$25,494,170	\$30,028,000	\$37,904,000	\$38,455,000
Non Union	\$12,557,689	\$14,131,000	\$17,842,000	\$18,101,000
Total	\$38,051,859	\$44,159,000	\$55,746,000	\$56,556,000

2.50% 2.50%

Projected Costs

	FY10	FY11	FY12	FY13	FY14
Union	\$38,455,000	\$39,416,375	\$40,401,784	\$41,411,829	\$42,447,125
Non Union	\$18,101,000	\$18,553,525	\$19,017,363	\$19,492,797	\$19,980,117
Total	\$56,556,000	\$57,969,900	\$59,419,148	\$60,904,626	\$62,427,242

2.50% 0.00%

Projected Costs New Model

	FY10	FY11	FY12	FY13	FY14
Union	\$38,455,000	\$39,416,375	\$40,401,784	\$41,411,829	\$42,447,125
Non Union	\$18,101,000	\$18,101,000	\$18,101,000	\$18,101,000	\$18,101,000
Total	\$56,556,000	\$57,517,375	\$58,502,784	\$59,512,829	\$60,548,125

Savings	\$452,525	\$916,363	\$1,391,797	\$1,879,117	\$4,639,802
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It is highly unlikely that a freeze would be maintained for 5 years, thus it is relevant to look at the first two years only as the potential savings, a total of \$1,368,888

Cost-Savings Idea #CS-4: Evaluate the tradeoff between wage increases and health insurance shift

Analysis prepared by SRN

Statement of Current Situation:

Currently the Town and Schools pay salaries in the amount of \$44 million, our largest cost.

The second largest cost is providing Health Insurance to our employees. The total cost per year is approximately \$13 million with the employees paying 15% of that. The cost to the Town and Schools is approximately \$11 million.

Rationale for Initiative:

In the recent past, salary growth has been in the range of 3%-4% per year, whereas health insurance costs have increased at rates that are in the range of 6%-10%. Escalating health insurance costs are not something that individual employers can do much to control.

Given our revenue projections are in the range of 3% growth, every effort should be made to shift compensation dollars out of health insurance.

Pros

Shifting compensation to salary increases control over cost growth.

Cons

The costs are shifted to the employee, which may in turn bring about demands for higher salary increases.

Value Components

• **Quantitative Value**

- In the example below, the base case is 1.5% increases in Salary and 8% increases in Healthcare
- The projected case show the effect of increasing salaries by 2% and changing the Healthcare cost share from 85% to 75%

• **Qualitative Value**

➤

Analysis of Cost Savings

Cost Benefit Analysis CS-4

Current Costs

	FY07	FY08	FY09	FY10
Salaries	\$38,051,859	\$44,159,000	\$43,378,000	\$44,108,000
Healthcare	\$8,845,767	\$11,008,000	\$12,368,000	\$12,458,000
Total	\$46,897,626	\$55,167,000	\$55,746,000	\$56,566,000

1.50% 8.00%

Projected Costs

	FY10	FY11	FY12	FY13	FY14
Salaries	\$44,108,000	\$44,769,620	\$45,441,164	\$46,122,782	\$46,814,623
Healthcare	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971
Total	\$56,566,000	\$58,224,260	\$59,972,176	\$61,816,274	\$63,763,595

2.00% 8.00% 90.00%

Projected Costs New Model

	FY10	FY11	FY12	FY13	FY14
Salaries	\$44,108,000	\$44,990,160	\$45,889,963	\$46,807,762	\$47,743,918
Healthcare	\$12,458,000	\$12,109,176	\$13,077,910	\$14,124,143	\$15,254,074
Total	\$56,566,000	\$57,099,336	\$58,967,873	\$60,931,905	\$62,997,992

Savings	\$1,124,924	\$1,004,302	\$884,369	\$765,603	\$3,779,198
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Cost-Savings Idea #CS-5: Implement 1.5% increase on steps per Collective bargaining agreements 0% base increase

Analysis prepared by SRN

Statement of Current Situation:

Currently the Town and Schools pay salaries in the amount of \$44 million. The majority of pay is covered by collective bargaining agreements. Typically an employee's salary can increase in two ways: a general increase % which all employees are given, and a step increase which is only given to employees who have met the criteria for that step. These are generally tied to achieving certain education or experience levels.

Rationale for Initiative:

Salary increases in the past have been in the 3% range. Given the declines in revenue, such increases cannot be accommodated without an override of Proposition 2-½ or cuts in services and staffing.

Pros

This is the biggest single cost, eliminating the increase would help us to balance the budget without a tax increase or cuts in services and staffing.

Cons

This is difficult to implement without the agreement of the unions. The majority of this cost is covered by collective bargaining agreements and some by arbitration.

Value Components

• **Quantitative Value**

- Each 1% that we do not give in increases saves approximately \$440,000

• **Qualitative Value**

➤

Analysis of Cost Savings

Cost Benefit Analysis CS-5

Current Costs

	FY07	FY08	FY09	FY10
Salaries	\$38,051,859	\$44,159,000	\$43,378,000	\$44,108,000

2.50% 8.00%

Projected Costs

	FY10	FY11	FY12	FY13	FY14
Salaries	\$44,108,000	\$45,210,700	\$46,340,968	\$47,499,492	\$48,686,979

1.50% 8.00% 90.00%

Projected Costs New Model

	FY10	FY11	FY12	FY13	FY14
Salaries	\$44,108,000	\$44,769,620	\$45,441,164	\$46,122,782	\$46,814,623

Savings		\$441,080	\$899,803	\$1,376,710	\$1,872,355	\$4,589,949
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Cost-Savings Idea #CS-6: Encourage more employees to sign up for lower cost Heath Plans

Analysis prepared by SRN

Statement of Current Situation:

The second largest cost is providing Health Insurance to our employees. The total cost per year is approximately \$13 million with the employees paying 15% of that. The cost to the Town and Schools is approximately \$11 million. Approximately 80% of our employees are enrolled in HMOs which are the lowest cost plans we offer. We are required by State law to offer an indemnity plan. The one we currently offer costs twice as much as the HMO plans.

Rationale for Initiative:

If the employees enrolled in the indemnity plan were enrolled in the highest cost of our HMO plans, there would be savings of approximately \$1,300,000 per year.

Pros

Making this change would help us to balance the budget without a tax increase or cuts in services and staffing.

Cons

The specific indemnity plan is part of the Collective Bargaining agreements.

Value Components

• **Quantitative Value**

- In the example below it is assumed that employees and retirees in the BCBS Master Medical plan are covered by the BCBS HMO plan. Healthcare inflation is assumed to be 8% per year.

• **Qualitative Value**

➤

Analysis of Cost Savings

Cost Benefit Analysis		CS-6				
Current Costs						
	FY07	FY08	FY09	FY10		
Healthcare	\$8,845,767	\$11,008,000	\$12,368,000	\$12,458,000		
Total	\$8,845,767	\$11,008,000	\$12,368,000	\$12,458,000		
8.00%						
Projected Costs						
	FY10	FY11	FY12	FY13	FY14	
Healthcare	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971	
Total	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971	
8.00% 90.00%						
Projected Costs New Model						
	FY10	FY11	FY12	FY13	FY14	
Healthcare	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971	
		-\$1,351,252	-\$1,459,352	-\$1,576,100	-\$1,702,188	
Total	\$12,458,000	\$12,103,388	\$13,071,659	\$14,117,392	\$15,246,783	
Savings						
		\$1,351,252	\$1,459,352	\$1,576,100	\$1,702,188	\$6,088,893

Cost-Savings Idea #CS-7: Replace High cost indemnity Health Insurance Plan with lower cost plan

Analysis prepared by SRN

Statement of Current Situation:

The second largest cost is providing Health Insurance to our employees. The total cost per year is approximately \$13 million with the employees paying 15% of that. The cost to the Town and Schools is approximately \$11 million. Approximately 80% of our employees are enrolled in HMOs which are the lowest cost plans we offer. We are required by State law to offer an indemnity plan.

Rationale for Initiative:

If the employees enrolled in the indemnity plan were covered by the next highest cost plan we offer (BCBS PPO), the savings would be approximately \$560,000 annually.

Pros

Making this change would help us to balance the budget without a tax increase or cuts in services and staffing.

Cons

The specific indemnity plan is part of the Collective Bargaining agreements.

Value Components

• **Quantitative Value**

➤ In the example below it is assumed that employees and retirees in the BCBS Master Medical plan are covered by the BCBS PPO plan. Healthcare inflation is assumed to be 8% per year.

• **Qualitative Value**

➤

Analysis of Cost Savings

Cost Benefit Analysis

CS-7

Current Costs

	FY07	FY08	FY09	FY10
Healthcare	\$8,845,767	\$11,008,000	\$12,368,000	\$12,458,000
Total	\$8,845,767	\$11,008,000	\$12,368,000	\$12,458,000

8.00%

Projected Costs

	FY10	FY11	FY12	FY13	FY14
Healthcare	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971
Total	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971

8.00% 90.00%

Projected Costs New Model

	FY10	FY11	FY12	FY13	FY14
Healthcare	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971
		-\$564,736	-\$609,915	-\$658,708	-\$711,405
Total	\$12,458,000	\$12,889,904	\$13,921,096	\$15,034,784	\$16,237,567

Savings		\$564,736	\$609,915	\$658,708	\$711,405	\$2,544,764
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Cost-Savings Idea #CS-8: Open up all contracts and get everyone to agree to a solution for bad economic times

Analysis prepared by SRN

Statement of Current Situation:

Currently the Town and Schools pay salaries in the amount of \$44 million. The majority of pay is covered by collective bargaining agreements.

Rationale for Initiative:

Salary increases in the past have been in the 3% range. Given the declines in revenue, such increases cannot be accommodated without an override of Proposition 2-½ or cuts in services and staffing.

Pros

This is the biggest single cost, eliminating the increase or obtaining concessions would help us to balance the budget without a tax increase or cuts in services and staffing.

Cons

This is difficult to implement without the agreement of the unions. The majority of this cost is covered by collective bargaining agreements and some by arbitration.

Value Components

- **Quantitative Value**

- Each 1% that we do not give in increases or obtain in give-backs saves approximately \$440,000.

- **Qualitative Value**

-

Analysis of Cost Savings

Cost Benefit Analysis CS-8

Current Costs

	FY07	FY08	FY09	FY10
Salaries	\$38,051,859	\$44,159,000	\$43,378,000	\$44,108,000

2.50% 8.00%

Projected Costs

	FY10	FY11	FY12	FY13	FY14
Salaries	\$44,108,000	\$45,210,700	\$46,340,968	\$47,499,492	\$48,686,979

1.50% 8.00% 90.00%

Projected Costs New Model

	FY10	FY11	FY12	FY13	FY14
Salaries	\$44,108,000	\$44,769,620	\$45,441,164	\$46,122,782	\$46,814,623

Savings		\$441,080	\$899,803	\$1,376,710	\$1,872,355	\$4,589,949
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Cost-Savings Idea #CS-9: Institute a Hiring freeze

Analysis prepared by SRN

Statement of Current Situation:

Currently there are six open positions for the Town and two in the Schools. The total annual salary is approximately \$400,000.

Rationale for Initiative:

Since salaries and benefits are our largest cost, and the growth in this item for existing personnel may likely be greater than the incremental revenue, filling new or open positions may require a Proposition 21/2 override or reductions in service.

Pros

Lessens the increase in costs.

Cons

Creates an imbalance in staffing between departments that are fully staffed versus ones that had openings.
Not a long term solution.

Value Components

- **Quantitative Value**

- Reduces costs by \$400,000 plus benefits

- **Qualitative Value**

-

Analysis of Cost Savings

Cost Benefit Analysis CS-9

Current Costs

	FY07	FY08	FY09	FY10
Salaries	\$38,051,859	\$44,159,000	\$43,378,000	\$44,108,000

1.00%

Projected Costs

	FY10	FY11	FY12	FY13	FY14
Salaries	\$44,108,000	\$44,549,080	\$44,994,571	\$45,444,517	\$45,898,962

0.00% 8.00% 90.00%

Projected Costs New Model

	FY10	FY11	FY12	FY13	FY14
Salaries	\$44,108,000	\$44,149,080	\$44,594,571	\$45,044,517	\$45,498,962

Savings		\$400,000	\$400,000	\$400,000	\$400,000	\$1,600,000
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Cost-Savings Idea #CS-10, 11: Require all teachers and administrators to teach, use volunteers as aides

Analysis prepared by SRN

Statement of Current Situation:

Currently department leaders teach as well as administer. Principals need to be available during the school day and therefore are not available to teach. Central office administrators have a myriad of responsibilities. The State per pupil average spending for administration, information technology and instructional leadership is \$1,327. In comparison Acton and ABRSD spend \$1,267 per pupil. The schools are already using significant volunteers, and those volunteers, especially parents are highly involved in many aspects of school activity.

Rationale for Initiative: May reduce the number of teachers required and therefore reduce compensation cost

Pros

Possible cost reduction

Cons

Already underspending on administration and leadership.
Could lessen efficiency and effectiveness of schools

Value Components

• **Quantitative Value**

- There are 137 teachers in the Acton Public Schools and 172 at ABRSD
- Average Salary in FY08 was \$68,116 which is 6% above the State Average

• **Qualitative Value**

➤

Analysis of Cost Savings

\$68,116 plus benefits for each position eliminated

Cost-Savings Idea #CS-12: Reduce the size of Acton Government, employees, contracts

Analysis prepared by SRN

Statement of Current Situation:

Contracts are assumed to be dealt with in the compensation section. This item deals with staffing levels. Most of the employees of the Town and Schools are involved in delivery of educational and public safety services. In measuring our staffing levels against standardized criteria, our student teacher ratios are among the highest in the State. Our number of police officers per 1000 population is slightly below the FBI guideline and our number of firefighter per 1000 is slightly below the National Fire Protection Association Guideline.

Rationale for Initiative:

Personnel costs are by far the largest part of our budget. Growth in these costs needs to be reduced to live within our revenue. These above statistics do not indicate an over-staffed situation, thus downsizing government would mean choosing to have less of these services.

Pros

Compensation growth needs to be controlled either through contract negotiation or reduction in the number of employees.

Cons

Our staffing levels are already low in comparison to guidelines.

Value Components

- **Quantitative Value**

- Weighted Average Salary for teachers, police and firefighters \$62,400

- **Qualitative Value**

-

Analysis of Cost Savings

\$62,400 plus Benefits for each position eliminated

Cost-Savings Idea #CS-13: Ask employees to choose a pay cut versus layoffs

Analysis prepared by SRN

Statement of Current Situation:

The majority of our employees are members of collective bargaining units. As such compensation and benefits are determined by contract negotiations. Thus a unilateral move to cut pay or freeze salaries on the part of the Town or Schools is not legal in the context of the collective bargaining agreement. What is legal are layoffs of personnel, although the manner by which that is carried out is defined in the agreements. Currently we are in negotiations with most of the major unions.

Rationale for Initiative:

There is no initiative per se. In the course of negotiations the issue on compensation versus staffing levels will need to be covered.

Pros

Cons

Value Components

- **Quantitative Value**



- **Qualitative Value**



Analysis of Cost Savings

Unknown

Cost-Savings Idea #CS-14: Implement attrition policy

Analysis prepared by SRN

Statement of Current Situation:

There are usually 4 retirements for the Town and 13 in the Schools. In addition we have 6 positions turn over last year in the schools. 23 positions if not replaced could save approximately \$1,100,000 in salary

Rationale for Initiative:

Since salaries and benefits are our largest cost, and the growth in this item for existing personnel may likely be greater than the incremental revenue, filling new or open positions may require a Proposition 2-½ override. By not replacing current employees who retire or leave the cost of salaries and benefits can be reduced.

Pros

Reduces costs.

Cons

Could reduce services.

Most of the turnover occurs in the schools, and not replacing teachers would exacerbate the class size issue.

Creates an imbalance in staffing between departments that are fully staffed versus ones that had openings.

Value Components

• **Quantitative Value**

- Saves \$1,100,000 plus benefits
- The example below shows the impact of not replacing anyone for one year only. If it were carried on year after year the cumulative effect would be much larger

• **Qualitative Value**

➤

Analysis of Cost Savings

Cost Benefit Analysis CS-13					
Current Costs					
	FY07	FY08	FY09	FY10	
Salaries	\$38,051,859	\$44,159,000	\$43,378,000	\$44,108,000	
		1.00%			
Projected Costs					
	FY10	FY11	FY12	FY13	FY14
Salaries	\$44,108,000	\$44,549,080	\$44,994,571	\$45,444,517	\$45,898,962
		0.00%	8.00%	90.00%	
Projected Costs New Model					
	FY10	FY11	FY12	FY13	FY14
Salaries	\$44,108,000	\$43,449,080	\$43,894,571	\$44,344,517	\$44,798,962
Savings		\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000 \$4,400,000

Cost-Savings Idea #CS-15: Implement Health Insurance per Governor

Analysis prepared by SRN

Statement of Current Situation:

The second largest cost is providing Health Insurance to our employees. The total cost per year is approximately \$13 million with the employees paying 15% of that. The cost to the Town and Schools is approximately \$11 million. We do not pay premiums to an insurance company for this coverage rather we are self insured through a trust. The Trust pays claims, contracts with Health Insurance companies like Blue Cross to administer the program, and purchases stop loss insurance to mitigate the risk of extremely large claims.

Rationale for Initiative:

This refers to the possibility of changing to the State Health Insurance Plan known as the GIC. There are two aspects to this proposal. The first is that there are lower cost plans. Whether or not we save would be determined by which of the GIC plans our employees chose. The savings could range from \$140,000 to \$740,000. The second aspect is that the employee would pay 25% of the cost instead of 15%. That is true of State employees but Towns would have to negotiate that change as part of the coalition bargaining which is required to join the GIC. If that was achieved it would save \$1.3 million.

Pros

Reductions in costs
May free up some reserves currently held by the HIT

Cons

Need to obtain consent from the unions
Loss of local control of significant benefit
Increase in our share of retiree costs

Value Components

- **Quantitative Value**

- In the example below the middle of the range of savings (\$140,000 to \$740,000) is assumed
- Healthcare Inflation is assumed to be 8% per year
- 10% change in Cost Share \$1,300,000 is not assumed, since it is not part of the GIC plan.

- **Qualitative Value**

➤

Analysis of Cost Savings

Cost Benefit Analysis

CS-14

Current Costs

	FY07	FY08	FY09	FY10
Healthcare	\$8,845,767	\$11,008,000	\$12,368,000	\$12,458,000
Total	\$8,845,767	\$11,008,000	\$12,368,000	\$12,458,000

8.00%

Projected Costs

	FY10	FY11	FY12	FY13	FY14
Healthcare	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971
Total	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971

8.00% 90.00%

Projected Costs New Model

	FY10	FY11	FY12	FY13	FY14
Healthcare	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971
		-\$440,000	-\$475,200	-\$513,216	-\$554,273
Total	\$12,458,000	\$13,014,640	\$14,055,811	\$15,180,276	\$16,394,698

Savings		\$440,000	\$475,200	\$513,216	\$554,273	\$1,982,689
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Cost-Savings Idea #CS-16: Examine Health Insurance copays

Analysis prepared by SRN

Statement of Current Situation:

The second largest cost is providing Health Insurance to our employees. The total cost per year is approximately \$13 million with the employees paying 15% of that. The cost to the Town and Schools is approximately \$11 million. We do not pay premiums to an insurance company for this coverage rather we are self insured through a trust. The Trust pays claims, contracts with Health Insurance companies like Blue Cross to administer the program, and purchases stop loss insurance to mitigate the risk of extremely large claims. Based on CBA's, copays are higher for school employees than town employees.

Rationale for Initiative:

The second largest cost is providing Health Insurance to our employees. The total cost per year is approximately \$13 million with the employees paying 15% of that. The cost to the Town and Schools is approximately \$11 million. Increasing copays is a tool for managing our health care costs.

Pros

Making this change would help us to balance the budget without a tax increase or cuts in services and staffing

Cons

The specific copays are part of the Collective Bargaining agreements

Value Components

• **Quantitative Value**

- In the example below, higher copays are assumed to save 2%
- Healthcare inflation is assumed to be 8%

• **Qualitative Value**

-

Analysis of Cost Savings

Cost Benefit Analysis		CS-15				
Current Costs						
	FY07	FY08	FY09	FY10		
Healthcare	\$8,845,767	\$11,008,000	\$12,368,000	\$12,458,000		
Total	\$8,845,767	\$11,008,000	\$12,368,000	\$12,458,000		
8.00%						
Projected Costs						
	FY10	FY11	FY12	FY13	FY14	
Healthcare	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971	
Total	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971	
8.00% 90.00%						
Projected Costs New Model						
	FY10	FY11	FY12	FY13	FY14	
Healthcare	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971	
		-\$269,093	-\$290,620	-\$313,870	-\$338,979	
Total	\$12,458,000	\$13,185,547	\$14,240,391	\$15,379,622	\$16,609,992	
Savings		\$269,093	\$290,620	\$313,870	\$338,979	\$1,212,562

Cost-Savings Idea #CS-17: End early retirement Incentive

Analysis prepared by SRN

Statement of Current Situation:

The schools paid \$355,169 in FY08, \$572,563 in FY09, and \$270,356 for FY10. The Town had no early retirement costs.

Rationale for Initiative:

Since salaries and benefits are our largest cost, and the growth in this item for existing personnel may likely be greater than the incremental revenue, filling new or open positions may require a Proposition 2-½ override or reduction in services. However in FY 10, for example, the cost of the incentive was \$270,356, but the schools saved \$271,824 by filling those positions with lower paid people. It is not clear that this initiative saves any money.

Pros

Cons

Value Components

- Quantitative Value
- Qualitative Value

Analysis of Cost Savings

Unknown

Cost-Savings Idea #CS-18: Consider minimum class sizes for electives at Jr High and High School

Analysis prepared by SRN

Statement of Current Situation:

At the high school there is a wide range of class size for electives. Performing arts classes can have as many as 158 students while the animation class has as few as 14. Some language sections in Latin, Chinese are small but in general, electives with enrollment under 10 are cancelled. At the Junior High Exploratory class size is in the mid 20's and electives range from 107 for Band to 17 for Art.

Rationale for Initiative:

In essence this is already being done.

Pros

Cons

Value Components

- Quantitative Value
- Qualitative Value

- There are 137 teachers in the Acton Public Schools and 172 at ABRSD
- Average Salary in FY08 was \$68,116 which is 6% above the State Average

Analysis of Cost Savings

Potential Savings

\$68,116 plus benefits for each position eliminated

Cost-Savings Idea #CS-19: Examine Staffing Levels for Police and Fire

Analysis prepared by SRN

Statement of Current Situation:

Our number of police officers per 1000 population is slightly below the FBI guideline and our number of firefighter per 1000 is slightly below the National Fire Protection Association Guideline.

Rationale for Initiative:

Personnel costs are by far the largest part of our budget. Growth in these costs needs to be reduced to live within our revenue. These above statistics do not indicate an over-staffed situation, thus downsizing government would mean choosing to have less of these services.

Pros

Compensation growth needs to be controlled either through contract negotiation or reduction in the number of employees.

Cons

Our staffing levels are already low in comparison to guidelines.

Value Components

- **Quantitative Value**

- Police and Firefighter average salary is \$42,000

- **Qualitative Value**

-

Analysis of Cost Savings

Potential Savings

\$42,000 plus benefits for each position eliminated

--

Cost-Savings Idea #CS-20: Examine overtime levels for Police and Fire
Analysis prepared by SRN

Statement of Current Situation:

Police and Fire Overtime declined from FY08 to FY09 and is expected to further decline in FY10, both in absolute terms and as a percent of total.

	FY08	FY09	FY10	
Police Salaries	\$1,327,484	\$1,442,171	\$1,521,429	7.30%
Overtime	\$515,492	\$443,990	\$480,000	-3.44%
Total	\$1,842,976	\$1,886,161	\$2,001,429	4.30%
Overtime %	38.83%	30.79%	31.55%	
Fire Salaries	\$1,535,257	\$1,982,592	\$1,590,495	1.80%
Overtime	\$451,936	\$435,257	\$369,403	-9.13%
Total	\$1,987,193	\$2,417,849	\$1,959,898	-0.69%
Overtime %	29.44%	21.95%	23.23%	

Rationale for Initiative:

None indicated

Pros

Cons

Value Components

• **Quantitative Value**



• **Qualitative Value**



Analysis of Cost Savings

Potential Savings = \$0

Cost-Savings Idea #CS-21: Increase the employee share of health insurance cost

Analysis prepared by SRN

Statement of Current Situation:

The second largest cost is providing Health Insurance to our employees. The total cost per year is approximately \$13 million with the employees paying 15% of that. The cost to the Town and Schools is approximately \$11 million.

Rationale for Initiative:

Health insurance costs have increased at rates that are in the range of 6%-10%. Escalating health insurance costs are not something that individual employers can do much to control.

Given out revenue projections are in the range of 3% growth, every effort should be made to shift compensation dollars out of health insurance.

Pros

Reduces costs

Cons

The costs are shifted to the employee, which may in turn bring about demands for higher salary increases

Value Components

• **Quantitative Value**

- In the example below, the base case shows increases of 8% in Healthcare
- The projected case shows the effect changing the Healthcare cost share from 85% to 75%

• **Qualitative Value**

➤

Analysis of Cost Savings

Cost Benefit Analysis		CS-20				
Current Costs						
	FY07	FY08	FY09	FY10		
Healthcare	\$8,845,767	\$11,008,000	\$12,368,000	\$12,458,000		
			8.00%			
Projected Costs						
	FY10	FY11	FY12	FY13	FY14	
Healthcare	\$12,458,000	\$13,454,640	\$14,531,011	\$15,693,492	\$16,948,971	
		2.00%	8.00%	90.00%		
Projected Costs New Model						
	FY10	FY11	FY12	FY13	FY14	
Healthcare	\$12,458,000	\$12,109,176	\$13,077,910	\$14,124,143	\$15,254,074	
Savings		\$1,345,464	\$1,453,101	\$1,569,349	\$1,694,897	\$6,062,811

Cost-Savings Idea #CS-22: Evaluate overlay account for possible surplus

Analysis prepared by Mary Ann Ashton

Statement of Current Situation: Overlay account is used to offset shortfalls in tax collections. Some years it is necessary to use more of the overlay than other years. To the extent that the overlay account accrues a large balance and is not needed, it should be evaluated to determine whether there is an amount that could be declared surplus by the Board of Assessors.

Rationale for Initiative: Last time the overlay account was appropriated was at the Special Town Meeting in June 2009 when \$220,000 was appropriated. Older balances might be available to be declared surplus.
[NOTE: Memo from Steve Barrett dated 09/2009 notes that there is approximately \$1.275 million that could be declared surplus. This was discussed at September ALG meeting.]

Pros

If declared surplus by Board of Assessors, this money would be available for appropriation or flow to free cash, enhancing the town's reserve position.

Cons

This is one of the last untapped reserves in the town and should be used cautiously, after ensuring that any outstanding liabilities have been resolved.

Value Components

- **Quantitative Value**
 - \$1.275 million
- **Qualitative Value**

Cost/Benefit Analysis

None necessary

Cost-Savings Idea #CS-23: Charge fee for bus service for schools

Analysis prepared by Mary Ann Ashton

Statement of Current Situation: Acton Public Schools and ABRSD do not currently charge a fee for bus transportation. State law requires that transportation be provided to students who live more than two miles from the school that they attend; when required to provide transportation to students, they are not allowed to charge those students a fee for transportation. Regional transportation expenses are reimbursed by the state at a rate that varies – in FY09 that rate was approximately 85 percent, but reductions in FY10 have reduced that rate to approximately 40 percent. If ABRSD instituted a fee for student transportation, the fees would reduce the district's expenses and thus reduce the reimbursement. This should continue to be evaluated as reimbursement rates fluctuate. As long as the reimbursement rate for regional schools continues, there is no point in instituting a transportation fee for regional students. Acton Public students are often transported to a school less than two miles from their home and could be candidates for a transportation fee. Current fees in other districts for transportation range between \$0 and \$575. A school district memo in December 2002 estimated 78 percent of APS students lived within 1.5 miles of their school and that charging a fee of \$200 could raise approximately \$157,500.

Rationale for Initiative: Adding bus transportation fee could raise money to offset expenses associated with student transportation. Using same assumption of 78 percent of APS students lived within 1.5 miles of their school, we assume that 975 students would pay \$200 transportation fee. This does not take into consideration family caps, or families that would need financial assistance to pay the fee.

Pros

Adding transportation fees could free up other money for education expenses

Cons

Concern that families might want to change their "choice of school" because of transportation concerns
Families avoiding the transportation fee might encourage more driving, or students without a safe sidewalk might do so
Policy might require additional expenses for police for traffic direction or ensuring a student's safe walk

Value Components

- **Quantitative Value**

- **\$195,500 first year**

- **Qualitative Value**

-

Projection of Budget Savings from Implementing APS Transportation Fee

No. of Students (APS)	2,500
Assume 78% live less than 2 miles	1,950
Assumes 50% of these pay fee	975
975 students x \$200	195,000

Current Costs – Last three years of actual

	2007		2008		2009 YTD	
	Expended	2008 Budget	Expended	2009 Budget	Thru 12/31/2008	2010 Request
APS Student Transportation	\$229,156	\$283,094	\$295,595	\$330,458	\$252,628	\$338,716
AB Student Transportation	\$447,759	\$500,105	\$530,965	\$542,124	\$501,518	\$587,584
Total Student Transportation	\$676,915	\$783,199	\$826,560	\$872,582	\$754,146	\$926,300

**Projected Costs – New Model of
Doing Business**

	FY10		FY11		FY12		FY13		FY14
	Budgeted								
APS Student Transportation	\$338,716	\$	348,877	\$	359,344	\$	370,124	\$	381,228
Less Student Transportation Fees	(195,000)	\$	(200,850)	\$	(206,876)	\$	(213,082)	\$	(219,474)
AB Student Transportation	\$587,584	\$	605,212	\$	623,368	\$	642,069	\$	661,331
Total Student Transportation	\$731,300	\$	753,239	\$	775,836	\$	799,111	\$	823,085
 Total Savings (raised from fees)	 (\$195,000)	\$	 (200,850)	\$	 (206,876)	\$	 (213,082)	\$	 (219,474)

Cost-Savings Idea #CS-24: Increase commuter parking lot fee

Analysis prepared by Mary Ann Ashton

Statement of Current Situation: Commuter parking lot currently charges a fee of \$50 per year (\$25 per year for seniors) for a sticker. Such sticker fees raise approximately \$50,000 per year. The fund balance for the Commuter Parking Lot account was \$483,676.87 as of June 30, 2008.

Rationale for Initiative: Parking at the commuter lot is at a premium. Fees have not been increased for several years.

Pros

Increasing fees would provide another source of revenue. Those who use the service pay for the service rather than the general population of taxpayers.

Cons

Fees may only be increased to cover costs. As of June 30, 2009 there was a balance of \$400,000 in the commuter parking lot revolving fund, which was raised from sticker fees and bicycle rental charges. Fees are generated from residents/taxpayers and may further burden taxpayers rather than alleviating their costs.

Value Components

- **Quantitative Value**

➤ **\$0** – unless there is a use for the commuter lot fees that would require more funds than what we are currently doing.

- **Qualitative Value**

- Taxpayers feel that only those who use a service (which is in short supply and valuable) are paying for the service. Currently only those who use the service are paying for the service (i.e., the upkeep of the commuter lot).

Cost-Savings Idea #CS-25: Increase all fees on regular, uniform, predictable basis

Analysis prepared by Mary Ann Ashton

Statement of Current Situation: School and municipal fees are not evaluated on any regular basis. Some fees have not been updated for several years, and while they may be set at the appropriate level, there has been no regular analysis to ensure this is the case.

Rationale for Initiative: Fees should regularly be evaluated to determine how they match with the services they are “purchasing.”

Pros

Increasing fees would provide another source of revenue. Those who use the service pay for the service rather than the general population of taxpayers.

Cons

Fees are generated from residents/taxpayers and may further burden taxpayers rather than alleviating their burden.

Value Components

• **Quantitative Value**

- Municipal fees collected \$1,080,000 for FY09. There are numerous municipal fees governed by many different departments.
- APS collects fees for integrated preschool and kindergarten (updated annually), Summer School, testing for early admission to kindergarten, and for elementary music/band (not updated since its inception in FY99)
- ABRSD collects fees for activities, athletics, transcripts, and Community Ed classes. These fees have been updated occasionally.

• **Qualitative Value**

➤

Analysis of Cost Savings

Incomplete – We have received extensive data from the Town Department heads and School Finance Director for fees implemented and collected. We can conduct additional analysis, but fee increases will need to be weighed against the actual costs that the fees are designed to offset. A cursory glance indicates that some of the fees are systematically evaluated each year, but for both municipal and school fees it appears that the last major review (and increase) in fees was initiated in 2004. We would recommend that this work be undertaken as part of the budget process for FY11, or be undertaken as one of the cost-savings initiatives.

Cost-Savings Idea #CS-26: Combine Acton Water District with Town of Acton

Analysis prepared by Mary Ann Ashton

Statement of Current Situation: The Acton Water District is a distinct legal entity operating separately from the Town of Acton. It oversees an annual budget of more than \$3.1 million. The Acton Water District is governed by three commissioners, elected for three-year terms by Acton's voters. Acton's voters also elect a moderator for the Water District, who appoints members to a Finance Committee. The Acton Water District holds an annual meeting in March prior to the start of Acton's Town Meeting, and at this meeting the assembled voters appropriate the funds for the year's operations and take up other matters related to the governance of the Water District.

Rationale for Initiative: Despite being two distinct legal entities, there are areas of overlap between the Water District and the Town of Acton, with some employees engaged in similar activities.

Pros

Combining the two entities might promote a more efficient operation.

Combining with the Acton Water District might provide an opportunity for Acton to plan new governance for the Sewer District, rather than having the Board of Selectmen serve as Sewer Commissioners.

Cons

The cultures of the two organizations are well-established and there would be little appetite on either side for a combined entity.

Dissolving the legal entity of the Water District would likely be difficult to achieve without significant expenditures of cash and political capital.

Value Components

- **Quantitative Value**

- Unknown

Cost-Savings Idea #CS-27: Combine Community Education and Recreation

Cost-Savings Idea #CS-33: Make Recreation Department self-funding

Analysis prepared by Mary Ann Ashton

Statement of Current Situation: Acton-Boxborough Community Education operates as part of the Acton-Boxborough Regional School District, offering a series of educational and recreational programs for residents of all ages which utilize the school facilities when the facilities are not being used by the public school program. The Town of Acton offers recreational and educational programs through its Recreation Department. These programs use some of the fields and facilities of the Town of Acton. The AB Community Education program is totally self-funding, paying for salaries for 6.0 FTE as well as the various teachers, instructors, counselors, etc. who staff the programs. Community Ed contributes approximately \$140,000 annually to the schools budget through funding of .57 of the Assistant Superintendent of Curriculum Instruction and Community Education, two custodian salaries, and several other items as well as a \$5 per participant fee that is contributed to the general fund operations of the AB Regional Schools. In addition, Community Education has contributed to a variety of community programs and improvements to school facilities, averaging approximately \$70,000 per year for the fiscal year 2002 through 2006. The Acton Recreation Department is largely self-funding, raising the funds it needs to offer its recreational and educational classes, as well as the beach and summer programs. Large events offered to the public are funded through contributions from individuals and the business community. There are 1.5 FTE in the recreation department, which are funded through the operating budget, and field maintenance work is performed by Natural Resources workers who perform these services as part of their normal workload.

Rationale for Initiative: There is a perception of overlap and duplication between the two programs offered by the schools and the town. Each program prints and distributes a catalog of offerings several times per year, each program offers some similar types of recreational offerings, including sports clinics, etc. At the same time, it is not clear how much more could be saved by combining the programs. Each program is successful in bringing new revenues into the schools and town operating budget: Community Ed contributes directly and the Recreation Department solicits gifts for many of its program which help to defray the costs of these programs.

Pros

Combination would eliminate duplication, reduce printing costs.
Combined program could utilize both town and school facilities.

Combining the two programs could deter the success of either or both.

Cons

Each program is currently successful in its own right.

Value Components

- **Quantitative Value**

- The AB Community Education Revolving fund has annual expenses of approximately \$1.5 million. The Recreation Revolving Fund has annual expenses of approximately \$600,000. Additionally, the Town of Acton budget has approximately 2.5 FTE positions related to the Recreation Department (Recreation Director, Events Coordinator/Secretary, half-time Recreation Secretary. One goal of a consolidation could be to reduce printing/mailling costs and to generate sufficient revenues to pay for the 2.5 FTE of the Recreation Department not currently funded by the revolving fund.

- **Qualitative Value**

- Citizens would feel that the departments had been consolidated and that recreation programs were being seamlessly offered through both town and school facilities.
- Recreation function would be totally self-funded.

Analysis of Potential Savings

Need additional information from Community Education to calculate precise savings, but preliminary estimate could save approximately \$75,000 from Natural Resources budget (funding 2.5 FTE recreation staff – estimated) and could save printing and mailing costs for both entities.

Cost-Savings Idea #CS-28: Combine school and town financial “back office” functions

Analysis prepared by Mary Ann Ashton

Statement of Current Situation: A review of the employees who perform financial, accounting and collection activities for the Town of Acton, Acton Public Schools and Acton-Boxborough Regional Schools shows that there are currently 17.75 FTE performing these functions. The shared financial platform has allowed for distribution of some of these functions to department levels, but the streamlined technology has not significantly reduced the head count for these functions. Two FTEs were eliminated in the FY10 budget from the Town of Acton Collector/Treasurer department, and the Switchboard operator position (1.0 FTE) was eliminated in the fall of 2009 by the schools in response to concern about revenues.

Rationale for Initiative: Town and schools should embark upon a careful review of the staffing for the financial functions to determine if there are opportunities to reduce the number of FTEs required to perform the accounting and finance functions for AB Regional Schools, Acton Public Schools and the Town of Acton. Improvements in the software platform may allow for some additional streamlining and improvements in efficiency. The 1999 “Reengineering Study” identified this as an area of significant savings, and it still remains untackled.

Pros

Combined financial function could reduce redundancy and improve efficiency.
Combined financial function could result in common reporting methods and formats.
Opportunity to form a new way of doing business and improved cooperation between town and schools.

Cons

Merging the financial functions from three different entities could prove challenging, with some loss of efficiency and morale in the short run.

Value Components

• **Quantitative Value**

- Reducing three FTEs (one from APS, AB, and Town of Acton) would result in at least \$186,000 reduction in year 1
- Alternatively setting a goal to reduce all expenditures on salaries for finance and accounting would result in \$200,000 reduction in year 1

- **Qualitative Value**

- Combined function could improve communication and reporting for both town and schools finance functions.

Analysis of Potential Cost Savings

AB Regional/APS Staffing	Total FTE
Director of Finance	1.00
Admin Asst	0.75
Payroll Mgr/AB Payroll	1.00
Business Coordinator	1.00
APS Payroll	1.00
APS Accts Payable	1.00
AB Accts Payable	1.00
Switchboard	1.00
	7.75
Town of Acton - Accounting Department	
Accounts Payable Clerk	1.00
Payroll Clerk	1.00
Assistant Town Accountant	1.00
Assistant Finance Director	1.00
Total FTE	4.00
Town of Acton - Collector/Treasurer Department	
2 FTEs eliminated from prior year staffing of 2 PT clerks, Head Clerk,	2.80
Town of Acton - Finance Department	
Finance Director	1.00
Financial Analyst	1.00
Finance Clerk	1.00
Total FTE	3.00
Total FTE - Schools and Town	17.55

Combined Staffing APS/AB/Acton Town		2008 Budget	2008 Expended	2009 Budget	2009 YTD Thru 12/31/2008	2010 Request
Total FTE	17.55	\$1,226,680	\$1,042,713	\$1,331,834	\$864,385	\$1,228,769
Health Insurance		\$84,000		\$84,000		\$84,000
@ \$6,000 per 14 FTE		\$1,310,680		\$1,415,834		\$1,312,769
Reduce						
3 FTE (from each entity)						(\$168,000)
Health Insurance						(\$18,000)
@ \$6,000 per FTE						(\$186,000)
<u>OR</u>						
Reduce total expense					\$	1,115,854
by 15%						
Savings					\$	196,915

Cost-Savings Idea #29: Consider regionalization of various functions, including education K-12, dispatch, police supervision

Analysis prepared by Mary Ann Ashton

Statement of Current Situation:

Acton currently regionalizes its schools for grades 7-12 with Boxborough, one of our neighbors. Regional schools have historically received reimbursement for the costs of transporting students; as recently as FY09 the reimbursement rate was approximately 75 percent, but in FY10 those reimbursement rates have been slashed dramatically, resulting in approximately a 45 percent reimbursement.

Acton participates in agreements with its neighbors for mutual aid for safety services, but has not shared dispatch or police supervision services.

Rationale for Initiative:

Regionalizing Acton's schools from K-12 would allow Acton to be reimbursed for transportation for students who live more than 2 miles from school, which is currently not eligible for reimbursement. Additionally there are likely some redundancies in a combined system which would result in additional cost savings, which are not quantified in this preliminary analysis.

Sharing dispatch and/or police supervision services could reduce Acton's costs for these services.

Pros

Reduces costs and possible improvement in services by sharing services with neighboring towns.

Regionalizing may allow Acton to qualify for grants and reimbursements from the state, which actively encourages towns to regionalize.

Cons

Sharing services with neighboring towns may result in a loss of local control.

As shown with this year's tussle over regional transportation reimbursement, the state's fiscal situation may not allow it to back up its commitment to regionalization of services with adequate cash incentives.

Value Components

• **Quantitative Value**

- **Regionalizing K-12 Transportation reimbursement only @ 45% = \$152,422**
- **Regionalizing Dispatch – assume 5% savings on salaries = \$20,773**

- **Qualitative Value**



**Analysis of Cost Savings
Regionalizing K-12**

	2007 Expended	2008 Budget	2008 Expended	2009 Budget	2009 YTD Thru 12/31/2008	2010 Request
APS Student Transportation	\$229,156	\$283,094	\$295,595	\$330,458	\$252,628	\$338,716
AB Student Transportation	\$447,759	\$500,105	\$530,965	\$542,124	\$501,518	\$587,584
Less AB Transportation (@ 75%)	(\$335,819)	(\$375,079)	(\$398,224)	(\$406,593)	(\$376,139)	(\$440,688)
Total Student Transportation	\$341,096	\$408,120	\$428,336	\$465,989	\$378,008	\$485,612

**Projected Costs – New Model of
Doing Business**

	FY10 Budgeted	FY11	FY12	FY13	FY14
APS Student Transportation	\$338,716	\$348,877	\$359,344	\$370,124	\$381,228
Less Transportation Reimb (@ 45%)	(\$152,422)	(\$156,995)	(\$161,705)	(\$166,556)	(\$171,553)
AB Student Transportation	\$587,584	\$605,212	\$623,368	\$642,069	\$661,331
Less Transportation Reimb (@ 45%)	(\$264,413)	(\$272,345)	(\$280,516)	(\$288,931)	(\$297,599)
Transportation Savings from K-12 Regionalization	(\$152,422)	(\$156,995)	(\$161,705)	(\$166,556)	(\$171,553)

Regionalizing Dispatch Functions

DISPATCH - 01221	2009 YTD				
	2008 Budget	2008 Expenditures	2009 Budget	2009 Thru Feb EOM	2010 Level 3
Total Salaries	\$399,869	\$415,396	\$403,063	\$277,324	\$415,450
Projected Costs – New Model of Doing Business					
	FY10 Budgeted	FY11	FY12	FY13	FY14
Total Salaries	\$415,450	\$427,914	\$440,751	\$453,973	\$467,593
Reduction of 5%	(\$20,773)	(\$21,396)	(\$22,038)	(\$22,699)	(\$23,380)
Revised Salary Costs	\$394,678	\$406,518	\$418,713	\$431,275	\$444,213

Cost-Savings Idea #CS-30: Consider expansion of joint purchasing consortia for schools, town

Analysis prepared by Mary Ann Ashton

Statement of Current Situation: Town of Acton and schools both participate in various purchasing consortia for utilities, supplies, food products (schools), motor vehicles (town). The Town of Acton purchases electricity from Constellation as part of a consortium set up by Massachusetts Municipal Association called Munenergy. Both town and schools purchase natural gas from Directenergy; they were selected by a consortium the schools participate in and the town was able to piggy-back onto the purchase. The town reports that it uses state bids as much as possible for vehicles, motor equipment, light bulbs, hardware, landscape supplies, and for highway purchases. The schools and town IT departments use state bid lists as well. The schools participate in the TEC collaborative and purchase supplies and food products through that venue.

Rationale for Initiative: Town and schools staff are constantly on the lookout for “the best buy” for the taxpayer, and have done a good job sharing ideas with each other (as seen in the utilities area). There may be a few more opportunities for improved purchasing, but we do not believe that there are big savings to be found in this area because both entities are already doing so much of this.

Pros

Cons

Value Components

- **Quantitative Value**

➤ \$0

- **Qualitative Value**

➤

Cost-Savings Idea #CS-31: Close library one weekday and open on Sunday 1-5

Analysis prepared by Mary Ann Ashton

Statement of Current Situation: During the school year (beginning September 13), Acton Memorial Library is open 67 hours per week (Sunday 2-5, Monday through Thursday 9-9, Friday and Saturday, 9-5. During the summer months, the library is closed on Sundays and only open for four hours (9 a.m.-1 p.m.) on Saturday.

Acton Citizens Library is open 16 hours per week (Monday 7-9 p.m., Tuesday and Wednesday, 10 a.m.-5 p.m.).

There are a total of 16.275 FTE employed by the two libraries: .775 by Citizens Library and 15.5 by Acton Memorial Library.

Rationale for Initiative: Increasing budget pressure may require the town to make choices about the number of hours that the libraries will be open. One option suggested here would be to close one day during the week and make more time available on the weekends. This suggestion might be interpreted several ways, so we've chosen to assume the following: (1) this suggestion only applies to AML; (2) the suggestion is to close the library one day per week and to ensure that the library is open 1-5 on Sunday throughout the year.

Pros

Cons

Value Components

- **Quantitative Value**

- \$133,321

- **Qualitative Value**

-

Analysis of Potential Cost Savings

				2009 YTD			
		2008	2008	2009	Thru	2010	
		Budget	Expended	Budget	12/31/200	Request	
					8		
Acton Memorial Library							
Total FTE	15.50	\$721,640	\$727,557	\$796,868	\$532,048	\$857,939	
Projected Costs – New Model of Doing Business							
		FY10					
		Budgeted	FY11	FY12	FY13	FY14	
Total Salaries budgeted		\$857,939	\$ 883,677	\$ 910,187	\$ 937,493	\$ 965,618	
Total hours library is open		3,372	3,372	3,372	3,372	3,372	
Salary cost for each hour library is open		\$ 254	\$ 262	\$ 270	\$ 278	\$ 286	
Closing one 12-hour day each week		(\$158,765)	(\$163,527)	(\$168,433)	(\$173,486)	(\$178,691)	
Adding one hour per week to Sundays - 36 weeks per year		\$9,159	\$9,434	\$9,717	\$10,009	\$10,309	
Adding four hours per week to Sunday - 16 weeks per year		\$16,284	\$16,772	\$17,275	\$17,793	\$18,327	
Total Savings (change in hour)		(\$133,321)	(\$137,321)	(\$141,441)	(\$145,684)	(\$150,055)	

Cost-Savings Idea #CS-32: Close Town Hall one day per week and have extended hours two days until 8 or 9

Analysis prepared by Mary Ann Ashton

Statement of Current Situation: Town Hall hours are currently listed as 8 a.m. to 5 p.m. Monday through Friday. During these hours staff are available to serve residents and to perform their usual work load. There are 67.7 FTE working in Town Hall and the salary (does not include benefits) cost of these staff is \$3.8 million in FY10.

Rationale for Initiative: We have analyzed this suggestion assuming the following. Town Hall would be closed one day per week (Friday) and hours would be extended until 8 p.m. on Tuesday and Thursday evenings. The total hours that Town Hall is open would remain virtually the same (42 hours per week versus 45 currently), but it might be possible to reduce the number of FTE that would be required to serve the public during the time that Town Hall is open. If total hours were reduced, this would likely be a reduction in service; currently Town Hall employees are busy during the hours they work and there would have to be an extensive analysis of work load to reach a different conclusion.

Pros

Revised schedule will allow extended evening hours to serve citizen needs

Cons

Revised schedule will likely result in service reductions as a result of reduced number of FTEs.

Value Components

• **Quantitative Value**

- \$258,824 first year savings
- Utility savings could also be a factor, but have not been considered here.

• **Qualitative Value**

- Possibility of improved hours for service to citizens
-

Analysis of Potential Cost Savings

Current Hours at Town Hall	Hrs/Wk	Hrs/Year				
Monday through Friday, 8 - 5	45	2340				
Proposed Hours for Town Hall						
Monday, Wednesday 8-5	18	936				
Tuesday, Thursday, 8-8	24	1248				
	42	2184				
			2009 YTD			
			Thru Feb			
All Town Hall Salary Costs	2008 Budget	Expenditures	2009 Budget	EOM	2010 Level 3	FY10 FTE
ASSESSORS - 01137	164,704	170,546	196,943	130,356	198,271	3.0
BOARD OF HEALTH - 01512	86,004	81,528	98,116	60,357	126,996	5.25
BUILDING DEPT - 01251	177,238	139,123	179,135	107,864	187,209	3.775
COLLECTOR - 01139	180,092	95,642	210,265	71,591	89,625	2.8
COMPTROLLER - 01133	239,475	241,759	265,305	182,644	256,344	4.0
COUNCIL ON AGING - 01541	239,475	241,759	265,305	182,644	256,344	4.875
ELECTIONS - 01162	3,800	4,619	3,800	2,699	3,800	0.0
ENGINEERING - 01410	222,048	197,147	241,946	156,407	244,838	3.3
FINANCE DIRECTOR - 01132	206,039	167,825	221,567	106,846	226,617	3.0
HUMAN RESOURCES - 01552	146,280	71,658	158,929	86,940	174,059	2.0
INFORMATION TECHNOLOGY - 01154	206,374	189,894	238,305	105,663	252,110	4.0
MUNICIPAL PROPERTIES - 01192	407,418	426,154	467,321	302,554	463,432	9.4
NATURAL RESOURCES - 01550	454,157	441,284	562,984	337,552	576,280	9.55
PLANNING - 01172	150,461	177,935	166,355	122,431	235,607	4.0
TOWN CLERK - 01161	117,801	112,244	143,542	95,244	148,042	2.75
TOWN MANAGER - 01123	375,449	382,558	432,894	278,482	441,114	5.0
VETERANS SERVICES - 01542	35,000	4,987	1,699	4,884	1,672	1.0
Totals	3,411,815	3,146,662	3,854,411	2,335,158	3,882,360	67.7
Projected Costs – New Model of Doing Business	FY10 Budgeted	FY11	FY12	FY13	FY14	
Total Salaries budgeted	\$3,882,360	\$ 3,998,831	\$ 4,118,796	\$4,242,360	\$ 4,369,630	
Total hours Town Hall currently open	2,340	2,340	2,340	2,340	2,340	
Salary cost for each hour library is open	\$ 1,659	\$ 1,709	\$ 1,760	\$ 1,813	\$ 1,867	
Closing one day per week	(\$776,472)	(\$799,766)	(\$823,759)	(\$848,472)	(\$873,926)	
Adding two evenings (3 hours each)	\$517,648	\$533,177	\$549,173	\$565,648	\$582,617	
Total Savings (change in schedule)	(\$258,824)	(\$266,589)	75 (\$274,586)	(\$282,824)	(\$291,309)	

*Includes 1.0 SEWER

Cost-Savings Idea #CS-34: Shift additional functions out of operating budgets to revolving, enterprise funds

Analysis prepared by Mary Ann Ashton

Statement of Current Situation:

Both town and schools have been creative and diligent about identifying opportunities to shift expenses from operating budgets to revolving or enterprise funds. Further exploration should be pursued in a systematic and public fashion by reviewing available balances in revolving and enterprise funds and looking for opportunities to shift additional costs.

Rationale for Initiative: Reduce costs to taxpayers, identify alternative sources of revenues.

Pros

Cons

Value Components

- **Quantitative Value**

- **Unknown**

- **Qualitative Value**

-

Cost-Savings Idea #CS-35: Defer spending on COA, Fire
Analysis prepared by Mary Ann Ashton

Statement of Current Situation:

Major capital projects have been put on hold, including a renovation/new Council on Aging and the construction of a new fire station in town. No further analysis done.

Cost-Savings Idea #CS-36: Move Employee Day to NARA

Analysis prepared by Mary Ann Ashton

Statement of Current Situation: An annual Employee Day for municipal employees has taken place the last several years at a location off-site. In FY10, the line item in the municipal budget for this recognition is \$52,120, but the actual expenditure in FY09 was approximately \$38,000.

Rationale for Initiative: In difficult economic times, such celebrations and recognitions should be evaluated and consideration should be given as to whether they should be scaled back. Moving Employee Recognition Day to NARA would reduce costs for renting a venue, but food would still need to be purchased, etc. Employees should be asked their opinion on changing the venue before making such a decision.

Pros

Moving venue to NARA would eliminate need to rent a venue and would raise awareness among employees of the difficult economic times for employees and citizens alike.

Cons

NARA might not offer as many activities as another location. Without input from employees, they might view this as a diminution of their recognition.

Value Components

- **Quantitative Value**

- Estimated value is \$25,000 reduction from the FY10 budgeted amount.

- **Qualitative Value**

-

Cost-Savings Idea #CS-37: Outsource Landscaping

Analysis prepared by Mary Ann Ashton

Statement of Current Situation: Landscaping for town and school grounds is currently provided by four groundskeepers (employed by the Natural Resources Department) and two groundskeepers employed by the schools. In each case, these crews have responsibilities for a variety of tasks besides landscaping.

Rationale for Initiative: This suggestion assumes that landscaping could be provided by an external source for less money than what the town and schools currently pay for these services on staff. Additional analysis of the full jobs provided by these crews would be necessary to evaluate.

Cost-Savings Idea #CS-38: Reduce town/schools print and mailing 80% - e-mail items

Analysis prepared by Mary Ann Ashton

Statement of Current Situation:

Town and schools currently spend \$121,382 on postage and \$49,744 on printing. Additionally, the schools pay to print and distribute the Lamplighter newsletter three times per year for a cost of \$19,150 for printing and mailing to all households in Acton and Boxborough. The schools announced as part of their FY10 reductions that they would no longer print and mail the Lamplighter, but rather distribute it electronically. Some mailings are required (e.g., notification to abutters, legal notices) and some are helpful to citizens (e.g., mailing of Warrant before Town Meeting).

Rationale for Initiative:

Reducing printing and postage costs would reduce overall budget increases.

Pros

Reductions in these categories slow the growth of budget.
Reduced paper and postage is more environmentally friendly.

Cons

Elimination of mailing might reduce communication between town/schools and citizens.
Not everyone is able to access electronic communications.
Change in procedure may reduce communication with those most in need of the information.

Value Components

- **Quantitative Value**

- \$190,860

- **Qualitative Value**

-

Analysis of Cost Savings

		2008	2009	2009 YTD	2010
	2008 Budget	Expenditures	Budget	Thru Feb EOM	Level 3
Town of Acton Postage	\$93,820	\$28,930	\$93,830	\$41,134	\$71,080
APS Postage	\$13,970	\$18,290	\$18,070	\$7,251	\$17,160
AB Postage	\$34,438	\$26,948	\$35,006	\$8,104	\$33,142
Total Postage	\$142,228	\$74,168	\$146,906	\$56,489	\$121,382
Town of Acton Printing	\$46,850	\$23,262	\$46,850	\$11,503	\$36,950
APS Printing	\$3,943	\$2,863	\$3,441	\$4,082	\$3,530
AB Printing	\$17,919	\$6,821	\$13,919	\$6,121	\$9,264
Total Printing	\$68,712	\$32,946	\$64,210	\$21,706	\$49,744
APS/AB Lamplighter - Printing and Postage	\$17,975	\$17,295	\$18,600	\$8,020	\$19,150
Total Printing and Postage	\$228,915	\$124,409	\$229,716	\$86,215	\$190,276
Reduce total by 80%	\$38,055				
Total Savings	\$190,860				

Cost-Savings Idea #39: Hold elections in one location - ask schools to schedule days off

Analysis prepared by Mary Ann Ashton

Statement of Current Situation:

Beginning with the 2008-09 school year, the schools have moved their Professional Development day to the first Tuesday of November to coincide with Election Day. Acton's six precincts currently vote in three locations: Nagog Woods, Conant School, and RJ Grey Junior High.

Rationale for Initiative:

Moving all six precincts to one location (for example, RJ Grey Junior High) would probably not save in terms of poll workers, as we assume the same number of poll workers would still be required to process voters in the six precincts. We assume that you could reduce the cost for school custodians by half (one location rather than two) and might be able to reduce equipment rental by one-third. Police patrols for traffic and enforcement could be reduced as well, but there is no separate cost available for this item.

Pros

Central location would reduce confusion about poll location and might reduce some costs.

Cons

Concentrating all six precincts in one location would generate traffic and parking problems, possibly making it more difficult for people to get to the polls.

Value Components

- **Quantitative Value**

- \$1,430

- **Qualitative Value**

-

Analysis of Cost Savings

ACCOUNT DESCRIPTION	2008 Budget	2008 Expenditures	2009 Budget	2009 YTD Thru Feb EOM	2010 Level 3
ELECTIONS - 01162					
Total Salaries	\$3,800	\$4,619	\$3,800	\$2,699	\$3,800
Purchased Services	\$0	\$0	\$0	\$0	\$0
Eqpt Rental	\$500	-	\$500	-	\$500
Telephone	-	\$136	-	-	-
Printing And Copying	\$6,000	\$3,950	\$6,000	\$5,014	\$7,000
Contractual Service	\$17,300	\$21,018	\$22,300	\$33,115	\$13,300
Miscellaneous	\$525	\$643	\$525	\$197	\$525
School Custodian Fee	\$2,150	-	\$2,150	\$425	\$2,200
Total Purchased Services	\$26,475	\$25,747	\$31,475	\$38,751	\$23,525
Reduce Eqpt Rental	\$330				
Reduce School Custodian Fee	\$1,100				
Total Estimated Savings	\$1,430				

Cost-Savings Idea #40: Create wish lists for things schools need for classrooms and ask for donations.

Analysis prepared by Mary Ann Ashton

Statement of Current Situation:

The schools currently develop wish lists for parents for classroom and building needs. Classroom teachers routinely request general supplies (extra writing and drawing materials, facial tissues, hand soap and sanitizing lotions, snacks for elementary students) at the beginning of each school year and throughout the year. Sometimes classroom teachers or principals reach out to their families requesting major items for donations. Finally PTSO/PTO groups and other fundraising groups (ABSAF, athletic booster groups, performing arts “Friends” organizations) generously donate nearly \$500,000 each year for programs, supplies, and non-certified staff.

Rationale for Initiative:

None

Pros

Cons

Value Components

- **Quantitative Value**

➤ \$0

- **Qualitative Value**

➤

Cost-Savings Idea #CS-41: Turn off school campus parking lot lights

Analysis prepared by Brandy Brandon

Statement of Current Situation:

Exterior lights are set to run dusk to dawn by a combination of a central computer and photocells. The lights are a combination of high pressure sodium and metal halide. Changing the schedule or changing the lights to LEDs (more efficient) would incur unacceptably high capital costs. The annual energy cost is approximately \$20,000 per year.

Rationale for Initiative:

The objectives of the initiative are to save money, save energy, and reduce light pollution.

Pros

Turning off the exterior lights around the schools would save money, save energy, and reduce light pollution.

Cons

Turning off the exterior lights around the schools would reduce personal safety and increase the risk of property damage or loss.

Value Components

- **Quantitative Value**

- **A maximum savings of \$20,000**

- **Qualitative Value**

- One incident of vandalism could wipe out a year's savings. Most likely, the most expensive incident of vandalism cost \$250K and was perpetrated in a poorly lit section of the Gates school on parked buses.
 - The cost imputed to a crime against a person or to the consequences of a drug violation could be very high.

Analysis of Cost Savings

Current Costs – Last three years of actual

FY07 Actual	FY08 Actual	FY09 Budgeted	FY10 Budgeted
20000	20000	20000	20000

Projected Costs – New Model of Doing Business

FY10 Budgeted	FY11	FY12	FY13	FY14

Potential Savings

Chief Widmayer provided police log data spanning July 2004 to July 2009 on 113 incidents of assault, disturbances, drug violation, larceny, suspicious activity, trespass, and vandalism on school properties. The majority of incidents were property crimes - 36% vandalism and 28% larceny – with over half the incidents occurring at RJ Grey Junior High. Approximately 38% of the incidents occurred during hours of reduced light.

Correspondence with Chief Widmayer and with JD Head, Coordinator of Facilities and Transportation, strongly assert that the risks associated with not lighting the exteriors of the school buildings are unacceptably high and that the return on changes to the system discussed previously is unattractive. The Green Advisory Board and OLEC concur.

One possible alternative not previously considered, and not available until recently, is electronic security. The schools all have pervasive secure WiFi and are connected through the Town's I-net to each other and the Public Safety Building. Wireless webcams with motion detection and low light capability are inexpensive and costs are likely to follow Moore's Law (i.e., doubling in performance or halving in price every eighteen months).

There is some experience of other Massachusetts towns with this type of initiatives. With respect to street lights, Fitchburg turned off 60% of its street lights for a savings of \$00k. Mansfield turned off 1200 (out of 2800) for a savings of \$60K. Andover turned off 1/3 for a

savings of \$100K. Milton turned off half its lights for a savings of \$80K but turned them back on after four months. Belmont scrapped its plans to turn off its lights and replaced them with lower-wattage, higher-efficiency ones for a 20% savings. Acton has already done this.

Attachment A

March 19, 2008

William L Ryan
Superintendent of Schools
Charter Road
Acton MA 01720

Steven Ledoux
Town Manager
Main St.
Acton, MA 01720

Dear Bill and Steve,

As you are aware the Finance Committee has been engaged in an effort to find cost saving ideas which will become more and more necessary if we are to avoid reductions in services as we go beyond FY 10. We have compiled a list of ideas from several sources, the Finance Committee, other boards and committees, the reengineering study of 1998, and some from our public outreach efforts.

My experience at implementing, change especially change around cost reduction, is that the most critical elements of success are:

- there is agreement that there is a valid need to move in that direction
- the specific items/projects to be looked at are both practical and have a payoff commensurate with the implementation effort.

As to the first point I think we all believe that we should make every effort to examine our costs of delivering services before we consider cutting back on staffing or service.

As to the second point I am asking for your assistance. The two of you are most knowledgeable and experienced in the management of the Town and School Budgets. I have attached the list of ideas and would ask you to review those applicable to your area and answer three questions

- Is it already being done?
- Is the suggestion legal?
- Is the suggestion worthy of further evaluation based on two criteria?
 - Could it be implemented in 6-24 months?
 - Would it result in an annual savings of \$10,000?

When you have completed the review, Herman Kabakoff and I would like the opportunity to meet with you and discuss your input. We would of course like that to be prior to the Acton Town Meeting.

Sincerely,

Stephen R. Noone
Chair Acton Finance Committee

